



CONNECTICUT ASSOCIATION OF
REALTORS[®] INC.

Statement on
H. B. No. 5401: AAC TIME SHARE REFERRALS...OPPOSE

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by

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My name is Tim Calnen and I'm speaking today in opposition to Proposed House Bill 5401: An Act Concerning Time Share Referrals.

Last year, a similar House Bill failed in the Senate - - and for good reason. The proposal sets a dangerous precedent by letting people go around the real estate license law, yet still get paid, for promoting a developer's time share plan or another owner's interest.

Connecticut's real estate license law has been on the books for over a half century to protect the public. People being enticed to buy time share intervals need the protection and recourse that the license law provides. That law says that anyone engaging in the real estate business needs a real estate broker's or salesperson's license. "Engaging in the real estate business" means "acting for another and for a fee or other valuable consideration" in marketing an interest in real property (Sec 20-311[3]).

The proponents of HB 5401 may argue that there is nothing wrong allowing people to be rewarded for "spreading the word" to friends and family about an enjoyable vacation or resort location. Aside from asking why they need to be paid if it's such a good deed, there are many pitfalls to this thinking.

--- what if the person "spreading the word" has never been to the complex because they bought a time share but kept exchanging it for a different one in another location?

--- who discloses to the purchaser the total financial obligation may be more than just the initial purchase price and may be subject to additional management or special assessment fees?

--- if people do get rewarded for such referrals, is their an obligation up front to disclose this to friends and family?

--- who does the consumer complain to when they are victims of wrongdoing by people who make these kinds of referrals on a regular basis and are not policed by the Real Estate Commission or Consumer Protection Department?

Proponents may also argue that the "reward" would only be of "nominal value". This could easily be abused if the "promoter" engages in multiple referrals, and it raises the proverbial "Camel's nose under the tent" ... how much is "nominal"?